Group of Newspapers has since been admitted;

(b) if so, what is the outcome of the appeal,

(c) whether Shri Goenka has paid the necessary taxes on losses disallowed or whether he has given any bank guarantee for such payment; and

(d) if not, what are the reasons for not insisting for such a guarantee?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI ANIL SHASTRI): (a) to (d) Information is being collected and will be laid on the Table of the House to the extent available and permissible under the rules.

**Increase in Customs Duty on Paraxylene**

996. SHRI SATYA PRAKASH MALAVIYA: Will the Minister of FINANCE be pleased to state:

(a) whether in view of drastic fall in the price of Paraxylene in international market, Government have taken steps to increase customs duty on this material; and

(b) if not, what are the reasons for delaying a decision on the subject particularly when it has an adverse impact on revenue collections and growth of indigenous industry?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI ANIL SHASTRI): (a) and (b) Bureau of Industrial Costs and Prices (BICP) has been asked to ascertain the fair selling price of indigenous paraxylene. A decision on the appropriate level of import duty on paraxylene can be taken only after the receipt of the BICP report.

**Profitability in the Production of Polyster Filament Yarn**

997. SHRI SATYA PRAKASH MALAVIYA: Will the Minister of TEXTILES be pleased to state:

(a) whether Government have information with regard to the alleged high levels of profitability in the Polyester Filament Yarn industry;

(b) whether Government consider reducing the import duty as demanded by a large number of users of Polyester Filament Yarn;

(c) whether the reduction of import duty will help in reducing the ultimate retail prices of fabrics so as to benefit the common man;

(d) whether this has happened before, if so, when; and

(e) whether reducing the import duty on man-made and synthetic *fibres and yarns has not resulted* in reduction in retail prices of the fabrics; if so, whether Government consider allowing fabric imports under OGL?

THE MINISER OF TEXTILES WITH ADDITIONAL CHARGE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SHARAD YADAV): (a) No, Sir. However, Government have asked Bureau of Industrial Costs & Prices to undertake a fresh cost study on the Polyester Filament Yarn Industry.

(b) Government have reduced the import duty on Polyester Filament Yarn from 205 per cent to 180 per cent in 1990-91 budget. There is no proposal at present to reduce it further.

(c) the reduction of import duty is only one factor in the reduction of retail price of fabrics. Other factors such as production trends demand and supply position, distribution channels, fashion trends etc. also determine fabrics retail prices.

(d) Import duty on Man-made and synthetic fibre/yarn was reduced earlier in the 1988-89 Budget.

(e) The reduction of import duty on man-made and synthetic fibre/yarn

in the 1988-89 budget did not result any significant reduction in retail prices of man made fabrics. Govt. is not at present, considering allowing fabric import under OGL.

**Replacement of old gold ornaments in Exchange of Gold following the repeal of Gold Control Act.**

998. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether after the repeal of the Gold Control Act old gold ornaments are being received in Government Mints for the purpose of melting and gold is being replaced in exchange thereof as it was done earlier; and

(b) if not, whether Government propose to allow the private mint owners to melt old golden ornaments by charging excise duty on such conversion?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI ANIL SHASTRI): (a) Yes, Sir.

(b) With the repeal of the Gold (Control) Act, no permission is required under the said Act for melting old gold ornaments.

**Disapproval of Extension of Modvat Scheme**

999. SHRI SURESH PACHOURI: Will the Minister of FINANCE be pleased to state:

(a) whether the official Working Group has disapproved extension of the MODVAT Scheme;

(b) whether the Working Group has submitted its report to him;

(c) if so, what are the recommendations made by the Working Group; and

(d) to what extent these recommendations have been accepted?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI ANIL SHASTRI): (a) The official Working Group has partially disapproved extension of the MODVAT Scheme.

(b) Yes, Sir.

(c) The important recommendations made by the group, are as under:—

(i) Extension of Modvat to Petroleum Sector, tobacco products, matches and cinematographic films, textiles and capital goods, is not recommended. However existing set-off notification in respect of some of the petroleum items and textile goods may be brought within the purview of Modvat Scheme.

(ii) Extension of Modvat to aerated water is recommended.

(iii) The time is not yet ripe for the introduction of comprehensive value added tax in India.

(iv) The national credit scheme under which input credit at rates higher than rates on which duty has been actually paid is given in respect of products manufactured by small scale units should be withdrawn as this system has resulted in certain distortions and misuse of Modvat scheme. It has also been found that this scheme discriminates against tiny units.

(v) Excise rules and the existing procedures should be amended to rationalise, simplify and improve the working of the Modvat scheme.

(vi) Urgent action should be taken regarding staff augmentation, computerisation training and orientation of the officers of the Department to take care of the additional items of work generated by the Modvat Scheme.

(d) The report is receiving the attention of the Government of India.